

LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: HB 328 HLS 09RS 1023

Bill Text Version: ENGROSSED

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:



Date: May 30, 2009	2:03 PM	Author: GREENE
Dept./Agy.: Revenue/Economic Development		
Subject: Increases the cap from \$250,000 total to \$250,000 per year		Analyst: Deborah Vivien

TAX CREDITS

EG DECREASE GF RV See Note

Page 1 of 1

Provides relative to applicant qualifications for the Technology Commercialization Credit

Current law allows a refundable credit against income or franchise liabilities for individuals and businesses involved in the commercialization of Louisiana technology. The credit is in the amount of 40% of qualifying investment and 6% of payroll from at least five jobs created that offer health insurance and have an average salary of \$50,000 per year. By statute, the credits can be obtained for ten years but availability sunsets on December 31, 2011. Each investment qualifying for the credit is limited to a total of \$250,000 (credit = 40% or \$100,000). The credit sunsets on December 31, 2011.

Proposed law retains current law but expands the credit cap from a \$250,000 total to \$250,000 per year.

Effective upon governor's signature.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Without promulgation of rules, no credits have yet been certified or claimed under this program. However, according to the Department of Economic Development (LED), eight applications were filed in 2007 and two applications were filed in 2008. Only one of those applicants is the same company applying in both years, and both applications exceeded the \$250,000 investment threshold that generates the maximum tax credit. If only that one firm’s “extra” investment were to receive the additional credit increments provided by this bill total program costs would increase by only \$100,000.

However, if all seven applicants are able to reach the \$250,000 investment threshold in each of the effective remaining two years of the program, total additional program cost exposure to the state resulting from this bill would be \$700,000. This additional exposure would likely be realized in FY11 and/or FY12 since the credit is refundable, although the particular amounts realized in which particular fiscal year is unknowable. Should additional applicants be allowed into the program, the additional losses to the state general fund will be greater than discussed here.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	<div>Gregory V. Albrecht</div> <div>Gregory V. Albrecht</div> <div>Chief Economist</div>